

Message Text

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PAGE 01 STATE 213304

43

ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 ABF-01 FS-01 OPR-02 FBO-02 CU-02

EB-07 FRB-03 /031 R

TX-387

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EUR/EE:DMILLER (SUBS)

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EUR/EX:EJELLIOTT

DESIRED DISTRIBUTION

FBO:JYOUNG, CU/EX:VSCALISE

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FM SECSTATE WASHDC

TO AMEMBASSY WARSAW IMMEDIATE

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FOR AMBASSADOR ONLY

E.O. 11652:

TAGS:

SUBJECT: ACCOMMODATION EXCHANGE RATE

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PAGE 02 STATE 213304

REF: STATE 305382, DEC. 31, 1975

1. TREASURY HAS COMPLETED A REVIEW OF THE ACCOMMODATION EXCHANGE RATE. EFFECTIVE IMMEDIATELY CURRENT ACCOMMODATION EXCHANGE RATE OF ZLOTYS 50/1 DOLLAR MUST BE DISCONTINUED NEW RATE IS ZLOTYS 45/1 DOLLAR. PLEASE NOTIFY DEPARTMENT BY CABLE THAT CHANGE IS EFFECTED.

2. THERE ARE THREE MAJOR CONSIDERATIONS WHICH LED TO REDUCED RATE:

(1) THE RATE SHOULD BE CONSISTENT WITH THE HIGHEST LEGAL RATE AVAILABLE. AS WE UNDERSTAND IT, THE ANNUITANT RATE IS THE HIGHEST LEGAL RATE AVAILABLE FOR THIS TYPE OF TRANSACTION IN POLAND. SINCE THE ANNUITANT RATE HAS NOW DROPPED TO 45 IT WOULD BE INCONSISTENT TO ALLOW THE ACCOMMODATION RATE TO REMAIN AT 50.

(2) THE DISCOUNTED VALUE OF OUR PRESENT ZLOTY HOLDINGS SUGGESTS THAT FROM A FINANCIAL POINT OF VIEW THE 45/1 DOLLAR RATE IS NOW A CORRECT ONE.

(3) ACCORDING TO OUR RECORDS THE PERCENTAGE REDUCTION IN THE DOLLAR VALUE OF ACCOMMODATION SALES BETWEEN FEBRUARY AND JUNE FELL BY 11 PERCENT COMPARED TO THE SAME PERIOD FOR THE PREVIOUS YEAR. AT THE SAME TIME THERE WAS A 23 PERCENT REDUCTION IN THE ACCOMMODATION EXCHANGE RATE. THIS OCCURRED DURING A PERIOD FOR WHICH OUR ESTIMATES SHOW A STABLE MISSION SIZE. IN ADDITION, IT DOES NOT APPEAR THAT INFLATION WAS A FACTOR WHICH COULD HAVE SUBSTANTIALLY ALTERED THE RESULTS. THIS SUGGESTS THAT THERE HAS NOT BEEN A NEGATIVE IMPACT ON ACCOMMODATION SALES.

3. POST WILL BE ADVISED OF ADJUSTMENTS IN ALLOWANCES BY SEPTEL. KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE213304
Document Source: CORE
Document Unique ID: 00
Drafter: ODP:E.SCHWARTZ
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760327-0420
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760811/aaaaajei.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 76 STATE 305382
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by greeneet>; APPROVED <26 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ACCOMMODATION EXCHANGE RATE LIMITED OFFICIAL USE LIMITED OFFICIAL USE
TAGS: EFIN, PL, US
To: WARSAW
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006